

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (6/24)**

BUTTER: Grade AA closed at \$2.3450. The weekly average for Grade AA is \$2.3580(+.0475).

CHEESE: Barrels closed at \$1.5350 and 40# blocks at \$1.5125. The weekly average for barrels is \$1.5400(-.0050) and blocks, \$1.5130 (-.0130).

NONFAT DRY MILK: Grade A closed at \$.9000. The weekly average for Grade A is \$.8900(+.0480).

BUTTER HIGHLIGHTS: Cream supplies are getting tight throughout the country. Competition for cream between various dairy processors is increasing. Consequently, butter manufacturing is generally steady to lower. A few manufacturers are selling cream instead of churning. However, many butter processors are content to hold stocks in order to cover contractual and anticipated upcoming needs. Inventories vary in all regions. The butter market undertone is firm. Demands from retailers and food service are good. This week, bulk butter pricing across the country is 1 cent under market to 10 cents above, based on the CME Group with various time frames and averages used. The Grade AA butter price at the CME Group on Friday closed at \$2.3450, down 2.25 cents from a week ago.

CHEESE HIGHLIGHTS: Producers in areas of the U.S. affected by high temperatures and humidity levels report some slowing of milk intakes and decreases in milk components. Central and West milk intakes remain high. Some manufacturers are slowing down production in an effort to manage current inventory levels. Inventories are generally long. Industry contacts speculate a large portion of these stocks are made up of cheese with some age. Fresh block and barrel availability is reportedly tight. Domestic sales are strong for many cheese manufacturers. A few Midwest manufacturers report buyers requesting additional loads outside of contracts as well as calls from new buyers. Manufacturers speculate buyers' growing interest is due to an anticipated rise in prices. International interest remains light. The market undertone is mixed. In CME Group trading Friday, barrels closed at \$1.5350, down \$.0100 from last Friday and blocks closed at \$1.5125, down \$.0025.

FLUID MILK: High summer temperatures are lowering dairy cows' production in most regions of the country. However, milk output is steady in the Northeast and Mid-Atlantic. Class I demand is generally steady in the East and Central region. In the Southwest, bottled milk orders from various retail and food service channels are

mixed. In the Pacific Northwest, Idaho and Utah, bottling demand has slowed into normal summer patterns. Nationwide, condensed skim sales to NDM processing are strong. Cream supplies are getting tight throughout the country. Ice cream makers are pulling large volumes of cream. This week, multiples for all classes range 1.20-1.40 in the East, 1.18-1.36 in the Central region, and 1.05-1.30 in the West. The NASS Milk Production report noted May 2016 milk production in the 23 selected states was 17.5 billion pounds, 1.2% above a year ago. Milk cows in the 23 selected states totaled 8.64 million head, 11,000 head more than a year ago.

DRY PRODUCTS: The low/medium nonfat dry milk market undertone is firming. However, some industry participants are puzzled by the recent price strength at the CME Group, as supplies are readily available in the market. Demands from bakers and cheese makers are good. In general, production is ongoing as skim volumes continue clearing into dryers. High heat supplies are tight. Dry buttermilk production is lower. The market is showing signs of strengthening. The national dry whole milk market tone is balanced in the East and Central region, but unsettled in the West. Dry whey production is seasonally active as many cheese processors maintain full schedules throughout the country. Overall, the whey market is firm. Interest for WPC34% from infant formula manufacturers is strong. Inventories are a little tight. Lactose production is steady and active. Supplies are generally tight. Casein market is slow, with limited buyer interest.

INTERNATIONAL DAIRY MARKET NEWS (DMN):
WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: EU milk production for April increased 1.2% over one year earlier, the lowest monthly increase during 2016. Previous 2016 monthly increases were: January, 5.6%; February, 10.0%; and March, 5.4%. Seasonal declines in milk production are evident. In Germany, seasonal declines began earlier than last year. Processor demand for milk is also declining in much of the EU. The opposite is occurring in the United Kingdom. The fluid milk market there is among the largest in the EU. Of milk produced, nearly half is processed into drinking milk. The UK market for fluid drinking milk has grown, the opposite of much of the rest of the EU. **EASTERN OVERVIEW:** The majority of Russian imports of cheese, butter and whey powder are sourced from Belarus. Russian dairy imports for

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CME GROUP CASH TRADING

COMMODITY	MONDAY JUN 20	TUESDAY JUN 21	WEDNESDAY JUN 22	THURSDAY JUN 23	FRIDAY JUN 24	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5450 (N.C.)	\$1.5450 (N.C.)	\$1.5400 (-.0050)	\$1.5350 (-.0050)	\$1.5350 (N.C.)	:: (-.0100)	:: \$1.5400 (-.0050)
40# BLOCKS	\$1.5150 (N.C.)	\$1.5125 (-.0025)	\$1.5125 (N.C.)	\$1.5125 (N.C.)	\$1.5125 (N.C.)	:: (-.0025)	:: \$1.5130 (-.0130)
NONFAT DRY MILK							
GRADE A	\$.8675 (+.0250)	\$.8800 (+.0125)	\$.9025 (+.0225)	\$.9000 (-.0025)	\$.9000 (N.C.)	:: (+.0575)	:: \$.8900 (+.0480)
BUTTER							
GRADE AA	\$2.3650 (-.0025)	\$2.3600 (-.0050)	\$2.3600 (N.C.)	\$2.3600 (N.C.)	\$2.3450 (-.0150)	:: (-.0225)	:: \$2.3580 (+.0475)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.

Computed by Dairy Market News for international purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKET-NEWS/DAIRY

NATIONAL DAIRY MARKET NEWS AT A GLANCE**-CONTINUED FROM PAGE 1-**

January-April are up 21.4% for cheese, 36.9% for butter, and 24.3% for whey. Russian infant formula imports (to which the embargo does not apply) are down 0.7% this year through April. The main origins of infant formula is Switzerland, 34.5%, the Netherlands 19.5% and Ireland 15.2%. Following recent rain in **Australia**, there has been an easing of demand for purchased fodder. Good grass feeding has become an option in some areas following the rain. A supporting factor easing demand for purchased feed is growing expectation for better crop output in the new production season now underway. Finally, lower milk prices have led to some cow culling, reducing the need for purchased feed. Regionally, dairy producers in northern Australia report good recent pasture growth in both the coastal regions as well as recently drier areas in the West. Producers in western Victoria are pleased with pasture rebound following the recent rains. However, drought affected areas of Tasmania have not fared as well. Even with good pasture rebound in western Australia signaling a promising new season which is now underway, limited current hay availability from this dry season have kept prices for hay high. The new milk producing season has also begun in **New Zealand**. Many processors in New Zealand have felt challenged in reaching desired export volumes in the first half of 2016, due to strong post quota dairy production volumes in the EU, as well as the United States. With a relatively small population for the magnitude of the dairy industry, New Zealand is particularly export focused. Global dairy competition is quite strong. There is general acceptance in New Zealand that any hopes of recovery for the domestic dairy industry have been pushed into the second half of the year, likely later in the year at best. There is substantial thought that recovery in New Zealand is more tied to a slowing of EU dairy production, than anything within the control of New Zealand producers or processors. For many dairy producers prices have remained near or below production costs for three seasons, so there is significant apprehension about the potential for better times. Farm credit availability and costs are increasingly vital to keeping many dairy producers in business until the situation resolves more favorably. Whole milk powder is a significant element of New Zealand dairy exports and some dairy experts are anticipating increases in WMP pricing in late 2016, which many will be watching for. May New Zealand milk production, as reported by DCANZ, was 824,000 MT, down from 1.36 million MT in April. During May 2015, milk production was 796,000 MT. At the June 15 GDT event #166, average prices ranged from 6.6% lower to 6.9% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,619 +4.4%; butter, \$2,910 +5.3%; buttermilk powder, \$1,695 - 6.6%; cheddar cheese, \$2,882 +6.9%; lactose, \$754 +0.6%; rennet casein, \$5,116 -0.4%; skim milk powder, \$1,901 +1.5%; and whole milk powder, \$2,118 -4.5%.

NATIONAL RETAIL REPORT-DAIRY (DMN): This week, total conventional dairy ad numbers increased 7% and organic dairy ad numbers increased 30%. Regionally, the Southeast reported the largest change in organic dairy ad numbers, 312%, as organic prices on average rose 87 cents. Conventional half gallon flavored milk had a substantial rise in ad numbers, registering 452% compared to the previous week. Heavily advertised items in the dairy case continue to be 48-64 oz. containers of conventional ice cream and 4-6 oz. containers of conventional Greek yogurt. Organic butter in the 1 pound packaging showed a 172% rise in ad numbers and a \$.01 increase in price this week. The average price for conventional yogurt in 4-6 ounce packages is \$.53, up 6 cents from last week. The average price of 4-6 ounce conventional Greek yogurt is \$.95, down 3 cents from last week.

Conventional yogurt ad numbers are up 8% from last week. The average price for organic yogurt in 4-6 ounce packages is \$1.32, up 33 cents from last week. Organic yogurt ads are up 66% from last week. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.25, up 9 cents from last week; 8 ounce shred cheese averaged \$2.24, down 7 cents from last week. Ads for 8 ounce organic shred cheese average \$3.80, down 9 cents from last week; 8 ounce organic cheese blocks averaged \$4.65, unchanged from last week. The price spread between organic and conventional half gallon milk is \$1.18, the lowest this year. The price spread is the difference between national weighted average prices for organic, \$3.98, and conventional, \$2.80. Conventional milk ad numbers increased 156% from last week while organic milk ad numbers increased 23%.

MAY MILK PRODUCTION (NASS): Milk production in the 23 major States during May totaled 17.5 billion pounds, up 1.2 percent from May 2015. Production per cow in the 23 major States averaged 2,019 pounds for May, 21 pounds above May 2015. This is the highest production per cow for the month of May since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.64 million head, 11,000 head more than May 2015, but unchanged from April 2016.

JULY FEDERAL ORDER ADVANCE CLASS PRICES (FMMO): Under the Federal milk order pricing system, the base Class I price for July 2016 is \$13.70 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$5.57 and the advanced butterfat pricing factor of \$2.3789. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price. The base Class I price increased \$0.56 per cwt when compared to the previous month of June 2016. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.54 per cwt, \$0.046 per gallon; reduced fat milk (2%), \$0.43 per cwt, \$0.037 per gallon; fat-free (skim milk), \$0.30 per cwt, \$0.026 per gallon. The advanced Class IV skim milk pricing factor is \$5.57. Thus, the Class II skim milk price for July 2016 is \$6.27 per cwt, and the Class II nonfat solids price is \$0.6967. The two-week product price averages for July 2016 are: butter \$2.1359, nonfat dry milk \$0.7925, cheese \$1.4432 and dry whey \$0.2576.

MAY FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY (FMMO): Handler reports of receipts and utilization under the Federal milk order system for May 2016 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During May, more than 12.5 billion pounds of milk were received from Federally pooled producers. This volume of milk is 25.1 percent higher than the May 2015 volume. Regulated handlers pooled 3.366 billion pounds of producer milk as Class I products, up 1.4 percent when compared to the previous year. Class I utilization decreased in 2 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 27%, Class II = 12%, Class III = 48%, and Class IV = 13%. The weighted average statistical uniform price was \$14.06 per cwt, down \$0.34 from last month and down \$2.48 from last year.

CME GROUP

MONDAY, JUNE 20, 2016

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 3 CARS GRADE A: 2 @ \$0.8600, 1 @ \$0.8650; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8675; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8800
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.3650; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.3650; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.3800

TUESDAY, JUNE 21, 2016

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.5225, 1 @ \$1.5150; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5600; 1 CAR 40# BLOCKS @ \$1.5125
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8800; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.3600

WEDNESDAY, JUNE 22, 2016

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5400
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ \$0.8950, 1 @ \$0.9025; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.9000; LAST OFFER UNCOVERED: 10 CARS GRADE A @ \$0.9500
 BUTTER -- SALES: 8 CARS GRADE AA: 2 @ \$2.3400, 1 @ \$2.3450, 2 @ \$2.3500, 1 @ \$2.3550, 2 @ \$2.3600; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.3500; LAST OFFER UNCOVERED: NONE

THURSDAY, JUNE 23, 2016

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5350
 NONFAT DRY MILK -- SALES: 6 CARS GRADE A @ \$0.9000; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8900; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.9000
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.3500; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.3700

FRIDAY, JUNE 24, 2016

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5225
 NONFAT DRY MILK -- SALES: 14 CARS GRADE A: 2 @ \$0.8900, 2 @ \$0.8800, 1 @ \$0.8700, 1 @ \$0.8750, 1 @ \$0.8850, 1 @ \$0.8825, 3 @ \$0.8900, 3 @ \$0.9000;
 LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 2 @ \$2.3500, 1 @ \$2.3475, 1 @ \$2.3450; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.3000; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Butter manufacturers' churns are producing to provide for near term butter needs, as ice cream production increasingly pulls on regional cream supplies. Milk standardization and anticipated declines in farm milk output, which means less cream availability, encourages a resilient butter market. Manufacturing stocks are adequate. Butter processors are seemingly confident about the market's butter demand and ability to move held butter stocks. Retail sales are good. The market undertone is steady to firm. The Northeast price for bulk butter is reported 6 to 8 over the market, based on the CME Group with various time frames and averages used. According to the DMN *National Retail Report-Dairy*, for June 17-23, 2016, the national weighted average advertised price for 1-pound butter was \$3.16, up 5 cents from a year ago, but down 17 cents from last week. The Northeast butter price was \$3.24, a 14 cents decrease from the previous week. The Southeast butter price was \$2.76, a decrease of 24 cents from last week. Tuesday's CME Group cash trading saw Grade AA butter close at \$2.3600, up \$0.0875 from a week ago.

CENTRAL

Central region butter manufacturers vary in production schedules this week. Cream is tightening and spot loads are harder to come by. Those producers unwilling to pay premiums for cream are cutting back on production schedules. Demand for bulk butter is high. Industry contacts report obstacles trying to find fresh bulk butter on the spot market. A few contacts suggest frozen bulk butter is also increasingly hard to come by. Market participants speculate that stockholders are choosing not to sell current inventories to cover contractual and anticipated upcoming needs. Overall, inventories in the Central region are mixed. Bulk butter prices reported ranged from market to 10 cents over the market, with various time frames

and averages used. Sales of print butter into retail and food service outlets are steady. International interest is light. The market undertone is firm. The DMN *National Retail Report-Dairy* for June 17-23 noted the national weighted average advertised price for a 1 pound package of butter was \$3.16, \$0.17 below one week ago, but \$0.05 above one year ago. Prices in the Midwest region for 1 pound packages of butter range from \$1.88-\$2.99 with a weighted average price of \$2.68. The weighted average price in the South Central region is \$2.41 with a price range of \$1.99-\$2.77. Wednesday at the CME Group, Grade AA butter closed at \$2.3600, up \$0.0050 from last Wednesday.

WEST

Western butter production is steady to slower. Butter makers are generally able to get the cream they need, but are often finding spot loads of cream a little less available. The combination of lower milk intakes, lower butterfat components, and heavier use of cream by ice cream and Class II milk users are contributing to the tighter cream supplies. In most cases, butter manufacturers are content to use the cream they have from current sources. A few manufacturers are slowing their churn rates. Domestic retail butter demand is steady. Industry contacts suggest butter inventories continue to grow slowly, however, some end users further point out that manufacturers are hesitant to make new offers for bulk butter. They say butter manufacturers are seemingly content to hold stocks in advance of late year holiday purchases. In addition, a few contacts further state a large amount of bulk butter in storage has already been quartered. The DMN *National Retail Report-Dairy* for the week of June 17-23 found that the U.S. weighted average advertised

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NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
June 18, 2016	2,1926 2,983,965	1,4208 13,663,082	1,5065 9,676,803	.2630 9,133,393	.7955 16,558,248

Further data and revisions may be found on the internet at: <http://www.ams.usda.gov/rules-regulations/mmr/dmr>

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price of 1 pound butter is \$3.16, down \$.17 from last week. The U.S. weighted average price was \$3.11 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$3.48, with a range of \$2.49-\$4.29. In the Northwest, the weighted average advertised price of 1 pound butter is \$3.34, with a range of \$2.50-\$3.99. Bulk butter pricing in the West this week is 1 cent under market to 3 cents above, based on the CME Group with various time frames and averages used. The Grade AA butter price at the CME Group on Wednesday closed at \$2.3600, up \$.0050 from a week ago.

CHEESE MARKETS

NORTHEAST

The CME Group weekly average cheese prices for both barrels and blocks pushed higher last week. As a result, this week the Northeast region wholesale price for 40# cheddar grew \$0.0600, while Muenster increased \$0.0475. The Grade A Swiss price is stable. Tuesday's CME Group daily cash prices saw barrels close at \$1.5450, up \$0.0075 from last week. Blocks closed at \$1.5125, \$0.0075 below a week ago prices. Cheese production is mixed with some production declines due to slightly lower milk intakes, as heat and humidity impact areas of the East region. Orders for mozzarella, provolone and aged cheddar are steady. Components and cheese yields are decreasing, with little likelihood to improve, before the fall season. Inventories are mixed. According to the *DMN National Retail Report-Dairy*, for June 17-23, 2016, the Northeast region weighted average advertised price for 8 oz. cheese blocks was \$2.13, 3 cents less than the national average and 1 cent less than the previous week Northeast price. The Southeast 8 oz. block cheese price was \$2.54, 25 cents more than the previous week.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 40# Block	:	1.9300-2.2150
Process 5# Sliced	:	1.7450-2.2250
Muenster	:	1.9500-2.3000
Grade A Swiss Cuts 10 - 14#	:	2.9775-3.3000

MIDWEST

Cheese production in the Midwest has not wavered with the rising temperatures seen across the Central region. Although spot loads of milk are reportedly harder to come by, milk intakes remain high. A handful of manufacturers are choosing to slow down cheese production in an effort to manage inventory levels. In general, inventories in the Central region remain long. Several contacts speculate cheddar cheese varieties are filling a large majority of stock shelves. Strong sales have aided in many manufacturers' efforts to relieve some of these inventory pressures. Midwest cheese sales are reportedly increasing this week. Specific varieties, including mozzarella and provolone, are moving well into both food service and retail outlets. Manufacturers report buyers requesting additional loads outside of contracts. Calls are also coming in from new buyers looking for cheese as well. Some market participants feel buyers are building stocks now as they anticipate prices to continue to climb on the CME Group. There is light international interest in U.S. cheese. The market undertone is mixed. Midwestern wholesale prices are unchanged for Swiss cuts. The CME Group weekly average prices for cheese barrels and blocks firmed last week, resulting in a \$.0475 increase for process and a \$.0600 increase for all other types of cheeses. The *DMN National Retail Report-Dairy* shows that June 17-23 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$2.37, 6 cents higher than the national average. Midwest prices range from \$1.88-\$2.75. One year ago, the national price was \$2.37. For 8 ounce blocks, the Midwest average price is \$2.30, 14 cents above the national average price. Midwest ads are priced from \$1.66-\$2.75. Last year, the national price was \$2.23. This week, a cooperative export assistance program accepted requests for 4.209 million pounds of cheese. So far this year, the program has accepted assistance requests for 28.098 million pounds of cheese. In CME Group trading Wednesday, barrels closed at \$1.5400, down \$.0150 from last Wednesday and blocks closed at \$1.5125, down \$.0275.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6375-1.9975
Brick And/Or Muenster 5#	:	1.9000-2.3250
Cheddar 40# Block	:	1.6275-2.0225
Monterey Jack 10#	:	1.8750-2.0800
Blue 5#	:	2.1675-3.1550
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7000-2.6400
Grade A Swiss Cuts 6 - 9#	:	2.4950-2.6125

WEST

With milk generally readily available, many western cheese makers report active cheese production. There are, however, some areas in the West that are beginning to see a slight downturn in cheese production as milk intakes slow seasonally. Active dairy promotions have helped maintain a strong domestic retail demand for cheese in cut and wrap and deli sectors. While international markets for U.S. cheese are still a little weak, export assistance has helped at least maintain a foothold in export markets. This week, a cooperative export assistance program accepted requests for 4.209 million pounds (1,909 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 28.1 million pounds of cheese in export markets. Even with assistance and promotions, industry contacts say there is a lot of cheese available in storage. Enough so, that some end users are surprised prices in various market exchanges have strengthened over the last few weeks. A few cheese buyers say they are willing to buy cheese, but only when they can find a deal. They would rather work through their own existing inventories. There are also a few contacts that are speculating there is an inventory squeeze in play, with fresh blocks and barrels a little tight, and stocks of cheese with some age being long. The *DMN National Retail Report-Dairy* for the week of June 17-23 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.31, down \$.08 from last week, and down \$.06 from a year ago. Packs average \$2.06 in the Southwest and \$2.11 in the Northwest. For 8 ounce blocks, the U.S. price is \$2.16, down \$.07 from both last week and from a year ago. Blocks average \$1.97 in the Southwest and \$2.25 in the Northwest this week. In the West, wholesale prices are up \$.0475 for process, and up \$.0600 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged this week. In CME Group trading Wednesday, barrels closed at \$1.5400, down \$.0150 from a week ago and blocks closed at \$1.5125, down \$.0275.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6525-1.9100
Cheddar 40# Block	:	1.6325-2.0775
Cheddar 10# Cuts	:	1.8125-2.0325
Monterey Jack 10#	:	1.8225-1.9825
Grade A Swiss Cuts 6 - 9#	:	2.5550-2.9850

CHEESE MARKETS

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FOREIGN

EU production of semi hard cheese is being limited by decreasing milk production. Inventories are tightening and this is leading to price strength for EU domestic cheese sales. Many commercial customers would like to add to inventories, but are unable to find sellers, or find sellers offering agreeable pricing. The domestic cheese tightness was intensified due to exports of cheese in 2016 through April. Ecolait reports that cheese exports for the period increased 13.9%. Normal patterns of cheese going into aging for fall/winter sale are behind typical volumes. In the U.S., wholesale domestic blue, gorgonzola, parmesan and Romano cheese prices increased \$0.0600 following higher weekly average CME Group block prices. The remaining prices are unchanged.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2300	: 2.0950-3.5825*
Gorgonzola	: 3.6900-5.7400	: 2.6025-3.3200*
Parmesan (Italy)	: -0-	: 3.4850-5.5750*
Romano (Cows Milk)	: -0-	: 3.2850-5.4350*
Sardo Romano (Argentine)	: 2.8500-4.7800	: -0-
Reggianito (Argentine)	: 3.2900-4.7800	: -0-
Jarlsberg-(Brand)	: 2.9500-6.4500	: -0-
Swiss Cuts Switzerland	: -0-	: 3.0150-3.3375
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	<u>BUTTER</u>	<u>: CHEESE</u>
06/20/16	30,559	: 91,585
06/01/16	29,810	: 97,584
CHANGE	749	: -5,999
% CHANGE	3	: -6

FLUID MILK AND CREAM

EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA & SOUTHEASTERN STATES						
	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	125	0	125	0	40
SOUTHEAST STATES	0	0	0	0	0	0

Northeast milk production is mostly steady, but some reports indicate a slight decline in some areas. Class I sales to various food service channels continue to move lower, as needs diminish. Manufacturing milk supplies are above adequate, but increases in heat and humidity levels are lowering cow comfort and milk production. Milk production in the Mid-Atlantic is flat. Hot, humid conditions are bringing milk back into balance, as processors' milk volumes are incrementally lower. The Southeast milk output continues to decline with very little need for conditional manufacturing outlets. Load rejections are occurring due to temperature issues. Class I demand is flat, which is typical for this time of year. Florida's milk production continues its slow decline. Temperatures are on the cooler side for this time of year, but the heat is expected to rebound this week. Milk sales remain down. Milk shipments, out of state, totaled 125 loads this week. According to the DMN *National Retail Report-Dairy*, for June 17-23, 2016, the U.S. weighted average advertised price for a gallon of milk was \$2.51, up 19 cents from last week, but down 1 cent from a year ago. **Condensed skim** is still going to Class IV production, but in somewhat lower volumes than in recent weeks. Demand for condensed skim has grown with the increase in ice cream production. Spot **cream** sales are building, with overall good cream demand. Multiples fluctuate daily, and at times vary significantly, due to supply, time of need and location. Ice cream, ice cream mix and cream cheese manufacturers are pulling the majority of Eastern cream supply. **Cream multiples** for all Classes **ranged 1.20-1.40**, with the majority of transactions occurring in the 1.30-1.38 range. Wednesday's CME Group cash trading saw Grade AA butter close at \$2.3600, up \$0.0050, from a week ago. MILK PRODUCTION: According to NASS, milk production in the 23 major states during May 2016 totaled 17.5 billion pounds, up 1.2% from one year ago. Eastern states' milk production are as follows:

May 2016 Milk Production, (USDA-NASS)

	(Million Lb.)	% Change From 1 Year Ago
Florida	233	- 2.9
New York	1,290	+ 4.9
Pennsylvania	965	+ 0.3
Vermont	237	+ 1.3
Virginia	153	- 3.8

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES:
 SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:
 F.O.B. producing plants: Northeast - 2.3.0037-3.2347
 F.O.B. producing plants: upper Midwest - 2.7264-3.1423
 PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS, F.O.B. PRODUCING PLANTS:
 Northeast - Class II - includes monthly formula prices - .15-.80
 Northeast - Class III - spot prices - .10-.55

MIDWEST

Some Midwest milk marketers report a small retreat in milk production this week. However, milk intakes remain high. Some manufacturers feel the availability of spot loads of milk is starting to disappear. A few market participants speculate difficulty finding spot loads will only affect those seeking large quantities. Spot loads were reported at flat to \$3.00 under class. Industry contacts anticipate discounts to decrease in the upcoming weeks. Bottling demand is steady from retail outlets. Orders for bottled 2 percent and whole milk have surpassed 1 percent and skim milk for several manufacturers in the recent weeks. Cream demand is high. Ice cream manufacturers are pulling in large amounts of cream, as they approach their seasonal production peak. Spot loads of cream are more difficult to come by, especially at the beginning of the week. Manufacturers seeking spot loads of cream report finding better spot load availability at the end of the week. Cream multiples are trending higher this week on the top end of the range, 1.18-1.36. The DMN *National Retail Report-Dairy* for June 17-23 noted the national weighted average advertised price for one gallon of milk was \$2.51, up \$0.19 from a week ago, but \$0.01 lower than a year ago. The weighted average regional prices in the Midwest and South Central were \$1.90 and \$3.21, respectively. The NASS *Milk Production* report noted May 2016 milk production in the 23 selected states was 17.5 billion pounds, 1.2% above a year ago. Milk cows in the 23 selected states totaled 8.64 million head, 11,000 head more than a year ago. The following table shows Central states included in the report and the monthly milk production changes compared to a year ago:

May 2016 Milk Production, (USDA-NASS)

	(Million Lb.)	% Change From 1 Year Ago
Illinois	171	- 0.6
Indiana	362	+ 2.0
Kansas	284	+ 0.4
Iowa	437	+ 2.3
Michigan	955	+ 6.9
Minnesota	844	+ 2.2
Ohio	487	+ 0.4
South Dakota	219	+ 9.5
Texas	925	+ 1.4
Wisconsin	2,635	+ 4.2

Upwards of ninety percent of this year's expected soybean acres have emerged in the North Central area. Corn condition is 86 percent good to excellent. Eighty-two percent of topsoil moisture was rated adequate. Winter wheat harvest is in full swing across the South Central area. However, rain and wet fields have delayed harvest in some locations.

WEST

In California, milk yields are trending down. Temperatures are reaching triple digits in the San Joaquin Valley. Milk butterfat component is near to the lowest level of the year. Class 1 sales to educational institutions are notably lower as most public K-12 schools closed last week. However, bottled milk orders from retailers are steady to higher as many supermarkets are restocking

FLUID MILK AND CREAM

-CONTINUED FROM PAGE 4-

shelves. Requests from restaurants are steady. Demand for Class 3 (ice cream) is seasonally ramping up. Moderated volumes of condensed skim are clearing into NDM processing. In Arizona, daytime temperatures are excessively high, reaching 119 degrees. As a result, dairy cows are producing less milk. Milk butterfat continues dropping. Bottled milk sales to food service are steady. Orders from grocery stores are higher. Demands for flavored milk and Class II dairy products are active, along seasonal patterns. Condensed skim sales to ice cream/frozen dessert and NDM processors are strong. Harvesting of good/excellent quality alfalfa hay is active. In New Mexico, farm milk production continues dropping due to the warmer climate. However, manufacturing volumes are sufficient to keep balancing plants busy. In addition, some out of state processing plants are helping to clear milk volumes. Bottled milk requests from retailers and food service are steady to higher. Sales into Class II are lower this week. Manufacturing milk volumes moving into Class III and Class IV are steady to higher. The state is between the second and third cutting of alfalfa hay. According to the *DMN National Retail Report-Dairy* for the week of June 17-23, the national weighted average advertised price for one gallon of milk is \$2.51, up 19 cents from last week, but 1 cent below a year ago. The weighted average regional prices in the Southwest and Northwest are \$2.19 and \$2.14, respectively. Pacific Northwest milk trends are mixed as pockets of milk production fluctuate slightly due to variations in the weather. However, industry contacts suggest overall production is flattening or slightly lower across the region as summer heat builds. Bottling demand has slowed into normal summer patterns and milk intakes are in fairly good balance with processing needs. Most processors feel their milk is sufficient and they are not seeking additional spot loads. Milk production in Idaho and Utah is steady to lower. Typically, milk intakes peak in late June or early July. However, some industry contacts suggest the peak, or at least a high plateau, has come earlier this year. Manufacturers say they have plenty of milk for most processing needs. Only a few spot loads of milk are moving, mostly within the region, at or a little below Class. In the west, cream supplies are starting to tighten. Consequently, competition for cream is rising between various dairy products processors. Demands from ice cream/frozen dessert, and cream cheese are strong. In addition, moderate cream loads continue clearing into butter manufacturing. A few processors are selling cream in lieu of churning. This week, multiples for all classes are higher, ranging from 1.05 to 1.30.

The NASS *Milk Production* report noted May 2016 milk production in the 23 selected states was 17.5 billion pounds, 1.2% above a year ago. Milk cows in the 23 selected states totaled 8.64 million head, 11,000 head more than a year ago. The following table shows western states included in the report and the monthly milk production changes compared to a year ago:

May 2016 Milk Production, (USDA-NASS)

	(Million Lb.)	% Change From 1 Year Ago
Arizona	441	+ 2.3
California	3,553	- 2.8
Colorado	332	+ 4.1
Idaho	1,256	+ 1.8
New Mexico	680	- 3.8
Oregon	228	+ 2.2
Utah	186	- 4.6
Washington	577	...

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Low/medium nonfat dry milk prices in the Central region are steady to slightly higher on the top end of the mostly series and bottom end of the range. Industry contacts feel prices continue to firm, although a few market participants question the longevity of current price trends. Milk intakes remain high, keeping dryers running full production schedules. Several market participants report having large amounts of low/medium heat NDM in inventory. In the current market, however, they express light interest in making sales. Although domestic interest in low/medium heat NDM is mild, export interest is growing. Several market participants report increasing orders from international outlets. The market undertone is firming. High heat NDM prices held steady this week. Production is on an as needed basis for contracted buyers, as low/medium heat NDM production dominates dryer time. Several manufacturers report little to no inventory. Spot sales are intermittent as demand outside of commitments is light. The market undertone is steady.

EAST: In the East, low/medium nonfat dry milk (NDM) prices are steady to higher across the price series, as light trading transpired in the f.o.b. spot market. Most NDM manufacturers' prices have firmed. As a result, low/medium NDM customers are booking loads with anticipation of potentially higher prices developing. Most plants continue active drying schedules, as condensed skim milk supplies remain plentiful. Buyers/end-users are looking around to bargain for the best offers. In general, stocks are mixed. At this point, indications are that some inventories hold ample volumes of lower cost NDM. The market is unsettled, with a firm undertone. Wednesday at the CME Group, Grade A NDM closed at \$0.9025, up \$0.0725 cents since last Wednesday. High heat nonfat dry milk production at most processing plants is intermittent. With holdings in place to meet near-term customer requirements, a few manufacturers are able to postpone high heat production runs. High heat NDM stocks are tight to light in the region. The market undertone is steady.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .7500 - .9000 MOSTLY: .8000 - .8525
 HIGH HEAT: .8800 - .9800

NONFAT DRY MILK - WEST

Prices for western low/medium heat nonfat dry milk (NDM) are higher, following upward movements in various indices. The market undertone is steady to firm. Demands from bakers and cheese makers are good. Some industry participants are confused by the recent price strength at the CME Group, as supplies are readily available in the market. However, according to some processors, milk intakes in the region are dropping. Consequently, NDM supplies are getting tight and the market continues firming. Sales in the f.o.b. spot market are active this week. Some buyers/end users are confident about NDM future prices. A few processors are clearing inventories from several months ago at prices close to the bottom of the range. Low/medium heat nonfat dry milk production is ongoing as moderate condensed skim volumes are clearing into dryers. Inventories are mostly steady throughout the region. Prices for high heat nonfat dry milk are slightly higher. Sales outside contracts are light since supplies are very tight. Production is trending lower as many processors are focused on low/medium heat NDM manufacturing. The Grade A nonfat dry milk price at the CME Group on Wednesday closed at \$.9025, up 7.25 cents from a week ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .7800 - .9000 MOSTLY: .8000 - .8700
 HIGH HEAT: .9100 - 1.0000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
June 17	\$.7689	8,022,184
June 10	\$.7721	8,284,927

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central region dry buttermilk prices trended higher this week in a firming market. Production is steady to lower, as some butter churns are less active this week. However, demand is strong. Ice cream and frozen dessert manufacturers are purchasing large amounts of the available dry buttermilk on the spot market. The recent rise in interest has cleared out some inventories in the Central region. A few manufacturers report being sold out. However, buyers looking for spot loads of dry buttermilk are not reporting difficulties finding offers, although these spot loads do come with a premium. These premiums are reflected in the five-cent jump at the top end of the price series. The market undertone is firming.

EAST: Prices for dry buttermilk moved higher on both ends of the range. Production runs are steady to lower. In some instances, stocks are moving into better balance as new production to existing inventory is marginally lower. Spot offerings are limited as contract fulfillment is the primary concern. Sources note few buyers are actively seeking dry buttermilk while interest is limited to immediate need. With nonfat dry milk (NDM) prices trending higher, it is likely buyers at some point may contemplate purchasing dry buttermilk in lieu of nonfat dry milk. However, dry buttermilk prices typically adjust to movement from NDM. The dry buttermilk market show signs of strengthening.

F.O.B. CENTRAL/EAST: .7500 - .8500

DRY BUTTERMILK - WEST

Prices for western dry buttermilk are steady on light trading. At this point, the market undertone is unsettled. Demand from bakers is marginally improving. Moderate volumes of condensed buttermilk are moving into ice cream manufacturing. As a result, dry buttermilk production is trending lower. Inventories are starting to tighten throughout the region.

F.O.B. WEST: .6200 - .7500 MOSTLY: .6700 - .7300

DRY WHOLE MILK - NATIONAL

National dry whole milk prices are steady on light trading. The market undertone is balanced in the East and Central region, but unsettled in the West. Interest from the bakery and confectionery sectors is moderate. Production is irregular, mostly based on contractual needs. Inventories vary from plant to plant. This week, a cooperative export assistance program accepted requests for 1.986 million pounds of dry whole milk. So far this year, the program has accepted assistance requests for 20.582 million pounds of dry whole milk.

F.O.B. PRODUCING PLANT: 1.1800 - 1.3700

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Dry whey prices in the Central region are unchanged. Production is steady this week. Strong sales lend to alleviating inventory pressure for many whey manufacturers in the Central region. Several manufacturers are selling their dry whey immediately, to avoid rebuilding stocks. Other market participants report comfortable stock levels. The majority of current domestic sales is contracted orders. Interest in additional loads and spot sale requests from buyers is light. A few end users report suppliers asking them to take additional loads with their contracted orders. International interest in the U.S. whey market is steady. Some industry contacts speculate international sales may begin to slow. They hypothesize that some international buyers' needs have been met. The market undertone is firm. Animal feed whey prices are unchanged. Production is steady. Sales are mixed. Some feed blenders report hesitation from veal calf raisers to reenter the market with climbing calf prices. Some industry contacts report availability of off specification dried dairy powders on the market. The market undertone is steady.

F.O.B. CENTRAL: .2200 - .2900 MOSTLY: .2250 - .2700
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .1300 - .2125

DRY WHEY - NORTHEAST

This week, prices for dry whey are unchanged with limited spot sales taking place. Dry whey production is seasonally active as regional cheese plants maintain full schedules in the East. Domestic demand is fair to good. Contract dry whey shipments are clearing on a regular basis. Buyers appear content with current supplies and are able to acquire additional supplies if needed. The market undertone is steady.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2500 - .2875

DRY WHEY - WEST

Western whey prices moved higher on the top of the range and mostly price series. Industry contacts mention a growing demand for whey permeate and dry whey powder coming from Southeast Asia and China. This increased demand has allowed a few manufacturers to clear some stocks of dry whey powder into export markets. Meanwhile, domestic demand for dry whey is still lackluster. Inventories across the industry are mixed, with a bunch of manufacturers having heavy stocks and some with more comfortable supplies. A few manufacturers are opting to produce high protein concentrations rather than dry whey powder. Industry contacts suggest a slight firming tone to the whey market.

NONHYGROSCOPIC: .2100 - .3100 MOSTLY: .2175 - .2800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are higher on the price range and lower end of the mostly price series. Production of WPC34% is steady, however some contacts suggest manufacturers are opting to make higher protein concentrations, if possible. Market participants describe two market tones for WPC34%. The market tone for WPC34% that meets infant formula requirements is firming. Inventories are tight, or highly committed. The demand for this type of WPC34% is strong. Meanwhile, the market tone for WPC34% not used in infant formula applications is flat and supplies are a little more available.

F.O.B. EXTRA GRADE 34% PROTEIN: .5700 - .7800 MOSTLY: .6500 - .7000

LACTOSE - CENTRAL AND WEST

Lactose prices moved upward this week. Manufacturers say many of their Q3 contracts are in place. In some cases, buyers wanted to receive immediate shipment for part of their Q3 agreements. Although there was some buyer push back to generally higher prices, limited inventories pressed end users to capitulate in order to assure Q3 coverage. Industry contacts also report less competition from EU lactose in international market negotiations. Whether due to greater use of lactose in EU skim milk powder standardization or now decreasing European cheese production, contacts suggest less lactose is available. Domestic inventories of lactose are also generally tight, according to many manufacturers. U.S. lactose production is steady and active.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2200 - .3775 MOSTLY: .2300 - .3050

CASEIN - NATIONAL

Casein rennet and acid prices slightly firmed at the bottom of the price range. While buying interest has declined, current supply tightness has resulted in the slight firming for new spot market customers. With the new milk production season being underway in New Zealand, and with recent rains helping pasture growth, milk production is expected to increase which could lead to increases in casein output in coming months. For now, the market is slow, with limited buyer interest.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.4000 - 2.7000
ACID: 2.4400 - 2.8000

U.S. Dairy Cow Slaughter (1000 head) under Federal Inspection

WEEK ENDING	2016 WEEKLY DAIRY COWS	2016 CUMULATIVE DAIRY COWS	2015 WEEKLY DAIRY COWS	2015 CUMULATIVE DAIRY COWS
06/04/2016	45.9	1,300.3	53.2	1,321.4

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	15.56	15.81	16.19	16.72	16.33	16.27	15.82	15.46	15.30	14.44

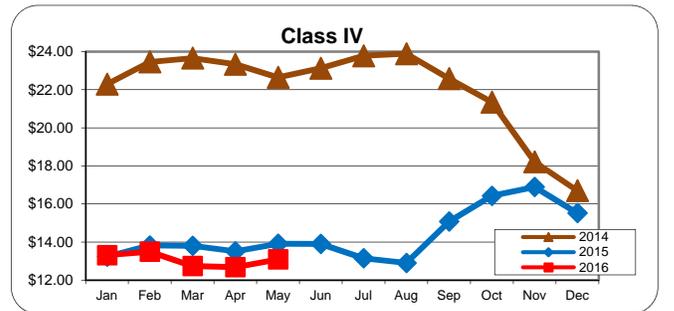
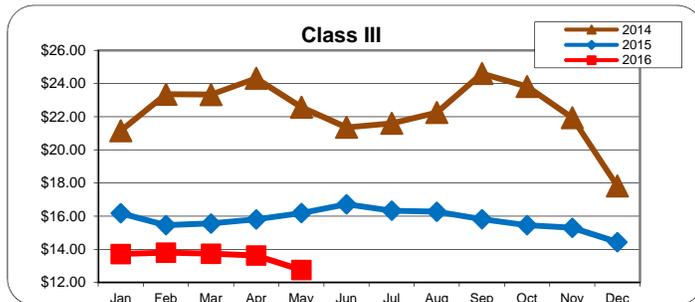
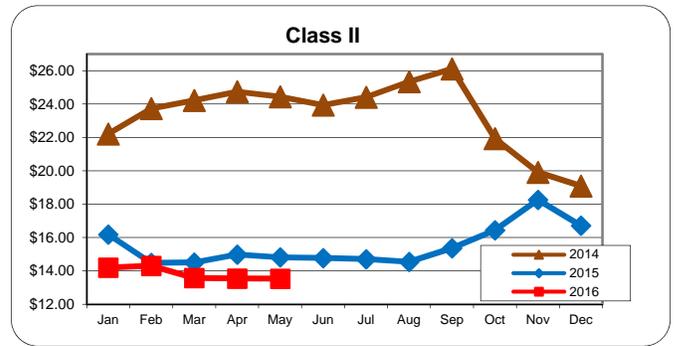
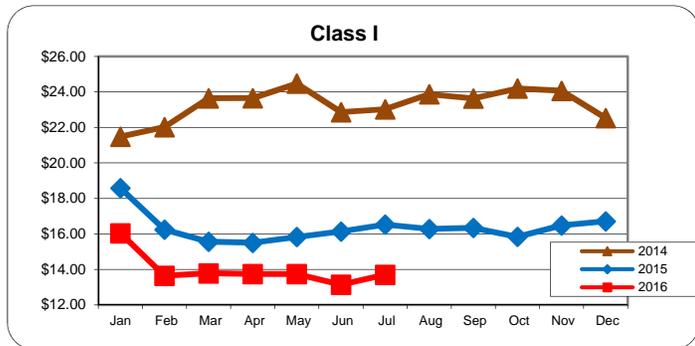
CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
2012	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83
2013	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43	20.17	20.52	21.54
2014	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58	21.35	18.21	16.70
2015	13.23	13.82	13.80	13.51	13.91	13.90	13.15	12.90	15.08	16.43	16.89	15.52

FEDERAL MILK ORDER CLASS PRICES FOR 2016 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.04	13.64	13.78	13.74	13.70	13.14	13.70					
II	14.19	14.30	13.57	13.54	13.53							
III	13.72	13.80	13.74	13.63	12.76							
IV	13.31	13.49	12.74	12.68	13.09							

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered June 13 - 24, 2016

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW: EU milk production for April increased 1.2% over one year earlier, the lowest monthly increase during 2016. Previous 2016 monthly increases were: January, 5.6%; February, 10.0%; and March, 5.4%. Seasonal declines in milk production are evident. In Germany, seasonal declines began earlier than last year. Processor demand for milk is also declining in much of the EU. The opposite is occurring in the United Kingdom. The fluid milk market there is among the largest in the EU. Of milk produced, nearly half is processed into drinking milk. The UK market for fluid drinking milk has grown, the opposite of much of the rest of the EU.

WESTERN EUROPE: Butter prices in the EU strengthened at each end of the price range. In fact, upper range pricing has reached the highest level of 2016. Demand in the EU for packaged butter has increased. There is also a factor increasingly mentioned, that packaged butter has been undervalued to bulk butter. This is helping to move prices as well. Bulk butter sales have slowed. Food industry interest, in particular, has slowed. The volume of EU butter exports January-April 2016 increased 32.2% from the same months of 2015 according to Eurolait. The main export destinations were: Saudi Arabia, 12.3%; Egypt, 11.7%; and USA, 8.3%.

BUTTER/BUTTEROIL:

82% BUTTERFAT:	2,725 - 3,175
99% BUTTERFAT:	3,700 - 4,000

SKIM MILK POWDER (SMP): Skim milk powder prices in the EU are unchanged. Most buying interest is from within the EU, and for future deliveries more than immediate deliveries. The second SMP tender period ended June 21. However, results will not be announced until June 24 when the CMO Committee meets to set the maximum buying-in price. SMP production going forward is expected to decline because milk production in the EU is seasonally declining. The volume of EU SMP exports January-April 2016 decreased 8.3% from the same months of 2015 according to Eurolait. The main export destinations were: Algeria, 13.9%; China, 8.6%; and Indonesia, 8.5%.

1.25% BUTTERFAT:	1,850 - 2,000
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SWEET WHEY POWDER: Whey prices in the EU strengthened at the lower end of the price range. Stronger recent demand for feed whey is cited. There is increasing interest in securing feed grade whey commitments into coming months. Food grade whey interest is unchanged. The volume of EU whey exports January-April 2016 increased 4.9% from the same months of 2015 according to Eurolait. The main export destinations were: China, 28.3%; Indonesia, 15.8%; and Malaysia, 9.4%.

NONHYGROSCOPIC:	625 - 750
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WHOLE MILK POWDER (WMP): Whole milk powder prices increased slightly at each end of the price range. Higher prices for industrial cream are a factor. Manufacturers are not certain whether this pricing will hold. Awareness of the new milk production season in New Zealand, which is a major WMP exporter, is expected to make sales in coming weeks more challenging. Much current EU WMP production is for EU sales. WMP exporting for the EU is quite challenging. The volume of EU WMP exports January-April 2016 increased only 0.4% from the same months of 2015 according to Eurolait. The main export destinations were: Oman, 15.2%; Algeria, 6.5%; and Nigeria, 5.3%.

26% BUTTERFAT:	2,200 - 2,450
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EASTERN OVERVIEW: The majority of Russian imports of cheese, butter and whey powder are sourced from Belarus. Russian dairy imports for January-April are up 21.4% for cheese, 36.9% for butter, and 24.3% for whey. Russian infant formula imports (to which the embargo does not apply) are down 0.7% this year through April. The main origins of infant formula is Switzerland, 34.5%, the Netherlands 19.5% and Ireland 15.2%.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered June 13 - 24, 2016

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

Following recent rain in **Australia**, there has been an easing of demand for purchased fodder. Good grass feeding has become an option in some areas following the rain. A supporting factor easing demand for purchased feed is growing expectation for better crop output in the new production season now underway. Finally, lower milk prices have led to some cow culling, reducing the need for purchased feed. Regionally, dairy producers in northern Australia report good recent pasture growth in both the coastal regions as well as recently drier areas in the West. Producers in western Victoria are pleased with pasture rebound following the recent rains. However, drought affected areas of Tasmania have not fared as well. Even with good pasture rebound in western Australia signaling a promising new season which is now underway, limited current hay availability from this dry season have kept prices for hay high. The new milk producing season has also begun in New Zealand. Many processors in New Zealand have felt challenged in reaching desired export volumes in the first half of 2016, due to stong post quota dairy production volumes in the EU, as well as the United States. With a relatively small population for the magnitude of the dairy industry, New Zealand is particularly export focused. Global dairy competition is quite strong. There is general acceptance in **New Zealand** that any hopes of recovery for the domestic dairy industry have been pushed into the second half of the year, likely later in the year at best. There is substantial thought that recovery in New Zealand is more tied to a slowing of EU dairy production, than anything within the control of New Zealand producers or processors. For many dairy producers, prices have remained near or below production costs for three seasons, so there is significant apprehension about the potential for better times. Farm credit availability and costs are increasingly vital to keeping many dairy producers in business until the situation resolves more favorably. Whole milk powder is a significant element of New Zealand dairy exports and some dairy experts are anticipating increases in WMP pricing in late 2016, which many will be watching for. May New Zealand milk production, as reported by DCANZ, was 824,000 MT, down from 1.36 million MT in April. During May 2015, milk production was 796,000 MT. At the June 15 GDT event #166, average prices ranged from 6.6% lower to 6.9% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,619 +4.4%; butter, \$2,910 +5.3%; buttermilk powder, \$1,695 -6.6%; cheddar cheese, \$2,882 +6.9%; lactose, \$754 +0.6%; rennet casein, \$5,116 -0.4%; skim milk powder, \$1,901 +1.5%; and whole milk powder, \$2,118 -4.5%.

BUTTER: Butter pricing strengthened this week in Oceania at both ends of the price range. Price strength is expected to continue in coming weeks. At GDT Event 166 on June 15, butter prices increased 7.8% for the July contract and 5.3% for all contracts. Increasing domestic demand in Australia, coupled with recent export interest in both Australia and New Zealand, are helping strengthen prices. Butter price strength in the EU as well as U.S. are also cited as factors. Dairy Australia reports that the volume of butter exports from Australia July 2015 -April 2016 decreased 37.4% from the same period of the prior milk production season. The value of butter exports decreased 32.0% for the current season through April compared with the same period of the prior season. The volume of New Zealand butter exports January-April 2016 declined 4.5% from the same months of 2015 according to Euco-lait. The main export destinations were: Iran, 15.3%; China, 13.7%; and Egypt, 11.5%.

82% BUTTERFAT:

2,725 - 2,825

SKIM MILK POWDER (SMP): Skim milk powder prices are unchanged. International factors, particularly intervention in the EU, continues to overshadow SMP markets in Oceania. Additionally, with the arrival of the new milk producing season and anticipation of increasing milk volumes, markets are expecting increasing volumes of SMP to become available. At GDT Event 166 on June 15, SMP prices declined 1.0% for the July contract, but increased 1.5% for all contracts. Dairy Australia reports that the volume of SMP exports from Australia July 2015-April 2016 increased 1.6% from the same period of the prior milk production season. The value of SMP exports decreased 23.4% for the current season through April compared with the same period of the prior season. The volume of New Zealand SMP exports January-April 2016 increased 0.2% from the same months of 2015 according to Euco-lait. The main export destinations were: China, 22.8%; Philippines, 11.4%; and Malaysia, 8.3%.

1.25% BUTTERFAT:

1,825 - 1,875

CHEDDAR CHEESE: Cheddar cheese pricing strengthened at the lower end of the price range. Profitability for cheddar has been good and exports stronger. Many export customers are loyal to their sources of cheddar. At GDT Event 166 on June 15, while cheddar prices decreased 0.2% for the July contract, prices increased 6.9% for all contracts. Current market buying interest this week overrode last week's GDT near term results in terms of the price increase. Dairy Australia reports that the volume of cheddar exports from Australia July 2015-April 2016 increased 11.4% from the same period of the prior milk production season. The value of cheddar exports increased 4.2% for the current season through April compared with the same period of the prior season. The volume of other cheese exports from Australia July 2015-April 2016 increased 9.7% from the same period of the prior milk production season. The value of other cheese exports increased 7.3% for the current season through April compared with the same period of the prior season. The volume of New Zealand cheese exports January-April 2016 increased 8.6% from the same months of 2015 according to Euco-lait. The main export destinations were: Japan, 19.6%; Australia, 17.0%; and China, 11.2%.

39% MAXIMUM MOISTURE:

2,800 - 2,900

CONTINUED ON PAGE 8AA

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered June 13 - 24, 2016

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

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WHOLE MILK POWDER (WMP): Whole milk powder prices declined slightly at each end of the price range. This product is made significantly for export, and is very dependent on export interest. With the new milk producing season having started, expectations of an increasing milk supply have some buyers being more price selective, which is weighing on prices. At GDT Event 166 on June 15, WMP prices declined 5.2% for the July contract and 4.5% for all contracts. Dairy Australia reports that the volume of WMP exports from Australia July 2015-April 2016 increased 3.6% from the same period of the prior milk production season. The value of WMP exports increased 68.7% for the current season through April compared with the same period of the prior season. The significant decrease in value has been quite disappointing and a significant contributor to the milk season which just ended being disappointing to dairy producers in terms of profitability. The volume of New Zealand WMP exports January-April 2016 decreased 8.1% from the same months of 2015 according to Eucolait. The main export destinations were: China, 27.4%; UEA, 8.1%; and Algeria, 7.7%.

26% BUTTERFAT: 2,050 - 2,150

**Exchange rates for selected foreign currencies:
June 20, 2016**

.0720 Argentina Peso	.0096 Japan Yen
.7457 Australian Dollar	.0536 Mexican Peso
.7809 Canadian Dollar	.7119 New Zealand Dollar
1.1312 Euro	.2575 Poland Zloty
.0148 India Rupee	

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0536) = 18.6567$ Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 166 Recap - June 15, 2016													
	Contract 1 Jul-16		Contract 2 Aug-16		Contract 3 Sep-16		Contract 4 Oct-16		Contract 5 Nov-16		Contract 6 Dec-16		All Contracts	
Anhydrous Milk Fat	\$3,685	6.2%	\$3,589	3.4%	\$3,617	4.4%	\$3,630	5.1%	\$3,649	4.9%	\$3,599	4.5%	\$3,619	4.4%
Butter	\$2,980	7.8%	\$2,980	6.0%	\$3,010	9.5%	\$2,815	3.1%	\$2,850	4.2%	\$2,960	2.1%	\$2,910	5.3%
Buttermilk Powder		n.a.	\$1,695	-6.6%		n.a.		n.a.		n.a.		n.a.	\$1,695	-6.6%
Cheddar	\$2,950	-0.2%		n.a.	\$2,896	5.1%	\$2,851	10.3%		n.a.		n.a.	\$2,882	6.9%
Lactose		n.a.	\$754	0.6%		n.a.		n.a.		n.a.		n.a.	\$754	0.6%
Rennet Casein	\$5,176	2.0%	\$5,153	-0.6%	\$5,028	-0.9%		n.a.		n.a.		n.a.	\$5,116	-0.4%
Skim Milk Powder	\$1,804	-1.0%	\$1,861	2.8%	\$1,925	-3.4%	\$1,955	4.0%	\$1,982	3.1%	\$1,913	-0.1%	\$1,901	1.5%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$2,098	-5.2%	\$2,112	-5.1%	\$2,124	-4.7%	\$2,125	-3.5%	\$2,101	-5.2%	\$2,193	-1.7%	\$2,118	-4.5%

Average price US\$/MT and % change in indices from previous event.

US\$/Pound	Global/Dairy Trading (gDT) Event 166 Recap - June 15, 2016													
	Contract 1 Jul-16		Contract 2 Aug-16		Contract 3 Sep-16		Contract 4 Oct-16		Contract 5 Nov-16		Contract 6 Dec-16		All Contracts	
Anhydrous Milk Fat	\$1.6715	6.2%	\$1.6280	3.4%	\$1.6407	4.4%	\$1.6466	5.1%	\$1.6552	4.9%	\$1.6325	4.5%	\$1.6416	4.4%
Butter	\$1.3517	7.8%	\$1.3517	6.0%	\$1.3653	9.5%	\$1.2769	3.1%	\$1.2928	4.2%	\$1.3426	2.1%	\$1.3200	5.3%
Buttermilk Powder		n.a.	\$0.7688	-6.6%		n.a.		n.a.		n.a.		n.a.	\$0.7688	-6.6%
Cheddar	\$1.3381	-0.2%		n.a.	\$1.3136	5.1%	\$1.2932	10.3%		n.a.		n.a.	\$1.3073	6.9%
Lactose		n.a.	\$0.3420	0.6%		n.a.		n.a.		n.a.		n.a.	\$0.3420	0.6%
Rennet Casein	\$2.3478	2.0%	\$2.3374	-0.6%	\$2.2807	-0.9%		n.a.		n.a.		n.a.	\$2.3206	-0.4%
Skim Milk Powder	\$0.8183	-1.0%	\$0.8441	2.8%	\$0.8732	-3.4%	\$0.8868	4.0%	\$0.8990	3.1%	\$0.8677	-0.1%	\$0.8623	1.5%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$0.9516	-5.2%	\$0.9580	-5.1%	\$0.9634	-4.7%	\$0.9639	-3.5%	\$0.9530	-5.2%	\$0.9947	-1.7%	\$0.9607	-4.5%

Average price US\$/pound and % change from previous event.

CME GROUP, INC FUTURES
Selected settling prices

Month	06/10	06/13	06/14	06/15	06/16	06/17	06/20	06/21	06/22	06/23
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
JUN 16	13.25	13.31	13.28	13.28	13.22	13.21	13.23	13.21	13.22	13.24
JUL 16	14.54	15.29	14.92	15.38	15.00	15.04	15.26	15.07	14.91	15.01
AUG 16	15.33	16.08	15.95	16.17	15.82	15.79	16.21	16.00	16.04	16.28
SEP 16	15.68	16.33	16.24	16.27	15.88	15.87	16.24	16.24	16.40	16.72
OCT 16	15.67	16.25	16.17	16.17	15.84	15.81	16.21	16.20	16.37	16.70
NOV 16	15.60	16.04	15.98	16.04	15.72	15.82	16.05	16.10	16.25	16.56
DEC 16	15.43	15.70	15.78	15.75	15.57	15.63	15.86	15.92	16.05	16.32
JAN 17	15.40	15.60	15.65	15.60	15.59	15.65	15.88	15.89	15.93	16.15
FEB 17	15.45	15.60	15.77	15.70	15.60	15.73	15.92	15.89	15.96	16.06
MAR 17	15.64	15.75	15.79	15.79	15.76	15.82	16.00	16.00	15.95	16.13
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
JUN 16	13.79	13.79	13.79	13.79	13.79	13.79	13.79	13.79	13.73	13.73
JUL 16	14.99	15.30	15.46	15.46	15.39	15.35	15.50	15.59	15.59	15.59
AUG 16	15.65	15.86	15.86	15.86	16.32	16.21	16.30	16.30	16.30	16.30
SEP 16	16.00	16.24	16.24	16.24	16.59	16.53	16.62	16.62	16.62	16.62
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
JUN 16	213.55	215.75	216.65	216.93	216.00	216.00	216.00	216.00	215.50	215.88
JUL 16	225.00	230.00	236.50	237.00	237.25	237.48	238.50	236.75	236.75	236.00
AUG 16	228.63	233.63	240.03	243.00	214.03	242.00	242.15	238.00	238.20	237.75
SEP 16	231.10	233.93	241.03	244.18	242.00	244.50	243.98	239.68	240.00	239.18
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
JUN 16	79.38	79.55	79.40	79.48	79.43	79.28	79.28	79.53	79.00	78.83
JUL 16	87.00	87.80	87.20	86.75	87.68	87.68	88.68	90.25	90.00	89.70
AUG 16	93.25	95.00	94.25	93.25	94.38	95.25	96.00	97.43	97.25	97.40
SEP 16	98.00	99.43	99.40	97.63	97.80	98.63	98.65	99.53	100.00	100.28
WHEY (Electronic-Traded) (¢/lb)										
JUN 16	25.55	25.55	25.38	25.03	25.35	25.35	25.35	25.33	25.33	25.95
JUL 16	27.25	27.53	27.53	27.00	26.60	26.60	27.23	27.53	27.73	27.73
AUG 16	28.75	29.13	28.85	28.50	28.40	28.73	29.13	29.85	30.23	30.23
SEP 16	30.25	31.00	30.50	30.73	30.73	30.73	30.73	31.05	31.38	31.38
CHEESE CSC (Electronic-Traded) (\$/lb)										
JUN 16	1.45	1.46	1.46	1.46	1.45	1.45	1.45	1.45	1.45	1.45
JULY 16	1.58	1.65	1.61	1.66	1.62	1.62	1.64	1.62	1.60	1.61
AUG 16	1.65	1.73	1.70	1.73	1.69	1.68	1.72	1.70	1.70	1.73
SEP 16	1.67	1.74	1.72	1.72	1.68	1.68	1.72	1.71	1.73	1.76
OCT 16	1.66	1.73	1.71	1.71	1.68	1.68	1.70	1.70	1.73	1.76
NOV 16	1.65	1.69	1.68	1.68	1.67	1.67	1.69	1.69	1.70	1.74

Source: <http://www.cmegroup.com/market-data/daily-bulletin.html>

May Milk Production

Milk production in the 23 major States during May totaled 17.5 billion pounds, up 1.2 percent from May 2015. April revised production, at 16.8 billion pounds, was up 1.1 percent from April 2015. The April revision represented a decrease of 13 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 2,019 pounds for May, 21 pounds above May 2015. This is the highest production per cow for the month of May since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.64 million head, 11,000 head more than May 2015, but unchanged from April 2016.

May 2016 Milk Cows and Milk Production, by States

State	Milk Cows ¹		Milk per Cow ²		Milk Production ²		
	2015	2016	2015	2016	2015	2016	Change from 2015
	<i>(thousands)</i>		<i>(pounds)</i>		<i>(million pounds)</i>		<i>(percent)</i>
AZ	195	198	2,210	2,225	431	441	2.3
CA	1,778	1,772	2,055	2,005	3,654	3,553	-2.8
CO	145	149	2,200	2,225	319	332	4.1
FL	125	123	1,920	1,895	240	233	-2.9
ID	586	591	2,105	2,125	1,234	1,256	1.8
IL	95	94	1,810	1,820	172	171	-0.6
IN	181	184	1,960	1,965	355	362	2.0
IA	212	211	2,015	2,070	427	437	2.3
KS	144	144	1,965	1,970	283	284	0.4
MI	407	418	2,195	2,285	893	955	6.9
MN	460	460	1,795	1,835	826	844	2.2
NM	323	310	2,190	2,195	707	680	-3.8
NY	618	620	1,990	2,080	1,230	1,290	4.9
OH	267	266	1,815	1,830	485	487	0.4
OR	124	126	1,800	1,810	223	228	2.2
PA	530	530	1,815	1,820	962	965	0.3
SD	105	114	1,905	1,920	200	219	9.5
TX	462	465	1,975	1,990	912	925	1.4
UT	96	93	2,030	2,000	195	186	-4.6
VT	132	131	1,775	1,810	234	237	1.3
VA	92	90	1,730	1,705	159	153	-3.8
WA	276	276	2,090	2,090	577	577	---
WI	1,280	1,279	1,975	2,060	2,528	2,635	4.2
23 State Total	8,633	8,644	1,998	2,019	17,246	17,450	1.2

¹ Includes dry cows. Excludes heifers not yet fresh.

² Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production*, (June 2016).

FEDERAL MILK ORDER ADVANCE CLASS PRICES, JULY

Base Class I Price: Under the Federal milk order pricing system, the base Class I price for July 2016 is \$13.70 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$5.57 and the advanced butterfat pricing factor of \$2.3789. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I Price

Comparison to Previous Month: The base Class I price increased \$0.56 per cwt when compared to the previous month of June 2016. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.54 per cwt, \$0.046 per gallon; reduced fat milk (2%), \$0.43 per cwt, \$0.037 per gallon; fat-free (skim milk), \$0.30 per cwt, \$0.026 per gallon.

Class II Price Information: The advanced Class IV skim milk pricing factor is \$5.57. Thus, the Class II skim milk price for July 2016 is \$6.27 per cwt, and the Class II nonfat solids price is \$0.6967.

Product Price Averages: The two-week product price averages for July 2016 are: butter \$2.1359, nonfat dry milk \$0.7925, cheese \$1.4432 and dry whey \$0.2576.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION^{1 2}

Federal Milk Order Marketing Area ³	Order Number	July 2016		
		Class I Price (3.5%)	Class I Skim Milk Price	Class I Butterfat Price
		<i>\$ per cwt</i>	<i>\$ per cwt</i>	<i>\$ per pound</i>
Northeast (Boston) ⁴	001	16.95	8.82	2.4114
Appalachian (Charlotte) ⁵	005	17.10	8.97	2.4129
Florida (Tampa) ⁶	006	19.10	10.97	2.4329
Southeast (Atlanta) ⁷	007	17.50	9.37	2.4169
Upper Midwest (Chicago) ⁸	030	15.50	7.37	2.3969
Central (Kansas City) ⁹	032	15.70	7.57	2.3989
Mideast (Cleveland) ¹⁰	033	15.70	7.57	2.3989
Pacific Northwest (Seattle) ¹¹	124	15.60	7.47	2.3979
Southwest (Dallas) ¹²	126	16.70	8.57	2.4089
Arizona (Phoenix)	131	16.05	7.92	2.4024
All-Market Average		16.59	8.46	2.4078

¹ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk.
² Note: The mandatory \$0.20 per cwt processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
³ Names in parentheses are the major city in the principal pricing point of the markets.
⁴ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25.
⁵ Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.
⁶ Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.
⁷ Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.
⁸ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.
⁹ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.
¹⁰ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.
¹¹ Class I prices at other cities are: Portland, same; and Spokane, same.
¹² Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

Federal Milk Order Marketing and Utilization Summary, May 2016

Highlights. Handler reports of receipts and utilization under the Federal milk order system for May 2016 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During May, more than 12.5 billion pounds of milk were received from Federally pooled producers. This volume of milk is 25.1 percent higher than the May 2015 volume. Regulated handlers pooled 3.366 billion pounds of producer milk as Class I products, up 1.4 percent when compared to the previous year. Class I utilization decreased in 2 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 27%, Class II = 12%, Class III = 48%, and Class IV = 13%. The weighted average statistical uniform price was \$14.06 per cwt, down \$0.34 from last month and down \$2.48 from last year.

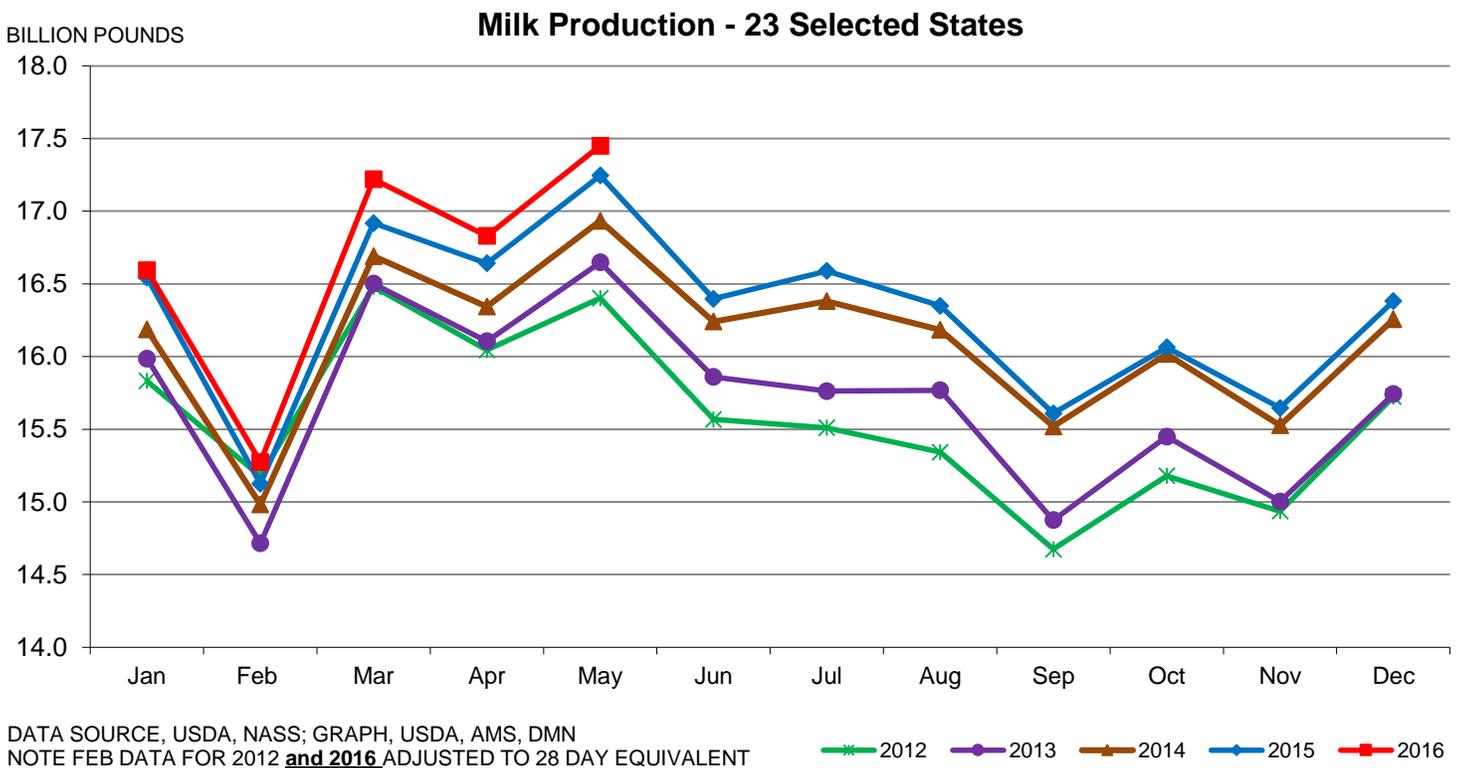
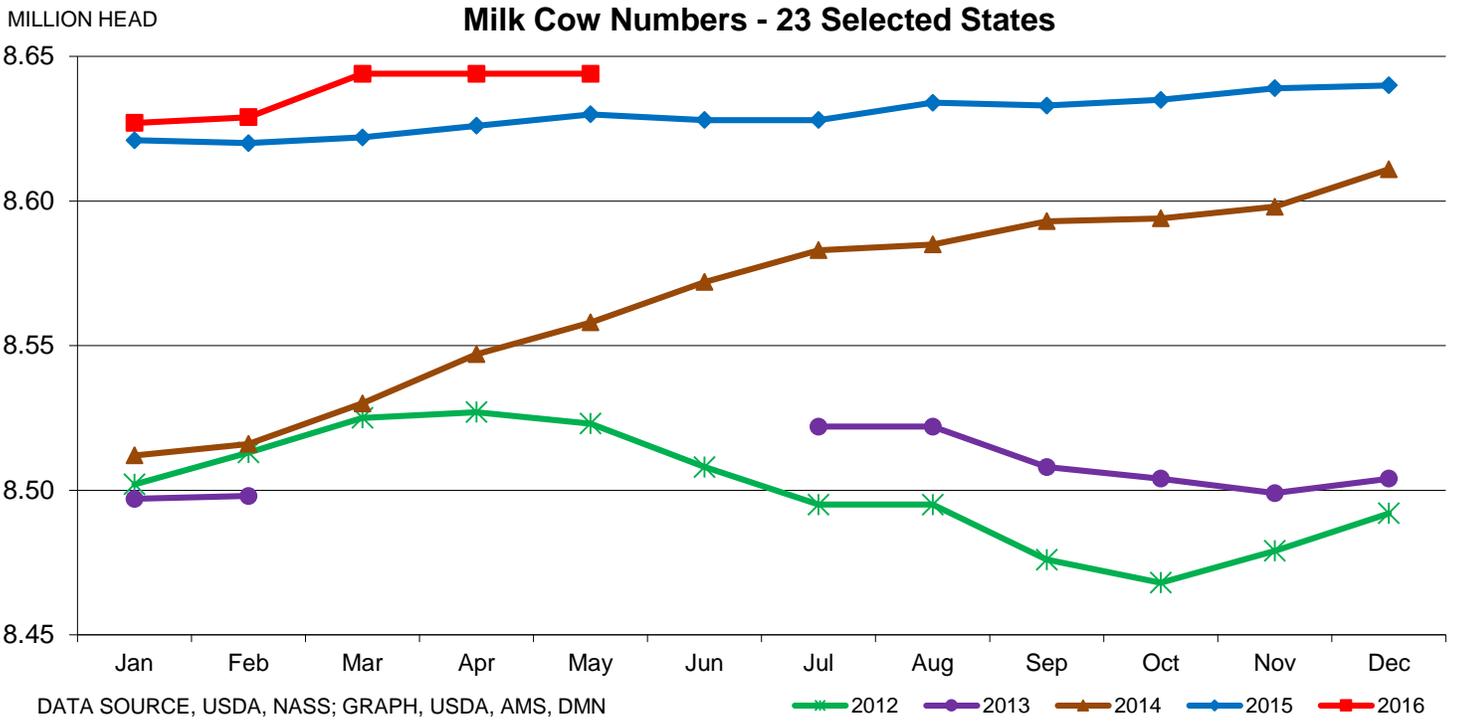
Price and Pool Statistics for Federal Milk Order Marketing Areas for the Month of May 2016

Federal Milk Order Marketing Area ¹	Order Number	Receipts of Producer Milk		Utilization of Producer Milk in Class I		Utilization of Producer Milk in All Classes ³				Uniform Price ²
		Total	Change from Prev. Year	Total	Change from Prev. Year	Class I	Class II	Class III	Class IV	
		<i>(million lbs)</i>	<i>(percent)</i>	<i>(million lbs)</i>	<i>(percent)</i>	<i>(percent)³</i>				<i>(\$ per cwt)</i>
Northeast (Boston)	001	2,372.9	5.4	736.5	0.6	31	25	26	18	14.73
Appalachian (Charlotte)	005	490.4	-1.9	313.7	3.0	64	15	5	16	15.98
Florida (Tampa)	006	228.2	2.2	185.1	-0.1	81	10	5	4	18.10
Southeast (Atlanta)	007	479.1	5.6	308.8	0.6	64	14	14	8	16.27
Upper Midwest (Chicago)	030	3,164.9	37.2	280.2	-1.4	9	2	88	1	13.08
Central (Kansas City)	032	1,509.2	35.3	392.4	2.1	26	9	49	15	13.53
Mideast (Cleveland)	033	1,825.6	22.8	520.7	3.9	29	19	35	18	13.81
Pacific Northwest (Seattle)	124	773.6	28.9	164.3	0.7	21	7	42	30	13.50
Southwest (Dallas)	126	1,260.9	84.4	357.1	1.5	28	9	53	10	14.40
Arizona (Phoenix)	131	469.2	8.8	107.7	0.9	23	11	29	38	13.78
All Market Average or Total		12,573.9	25.1	3,366.5	1.4	27	12	48	13	14.06

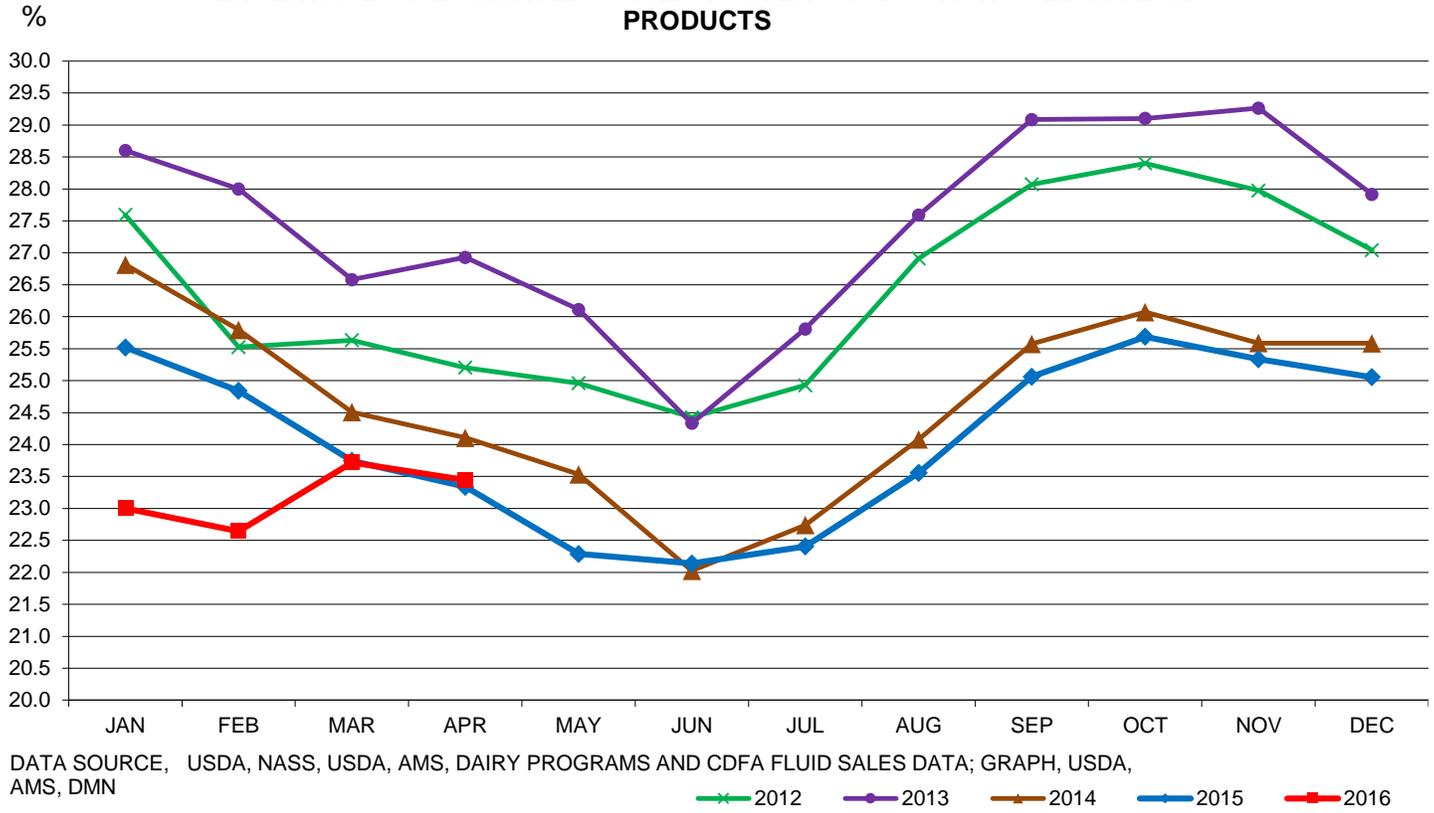
¹ Names in parentheses are the major city in the principal pricing point of the market.

² Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

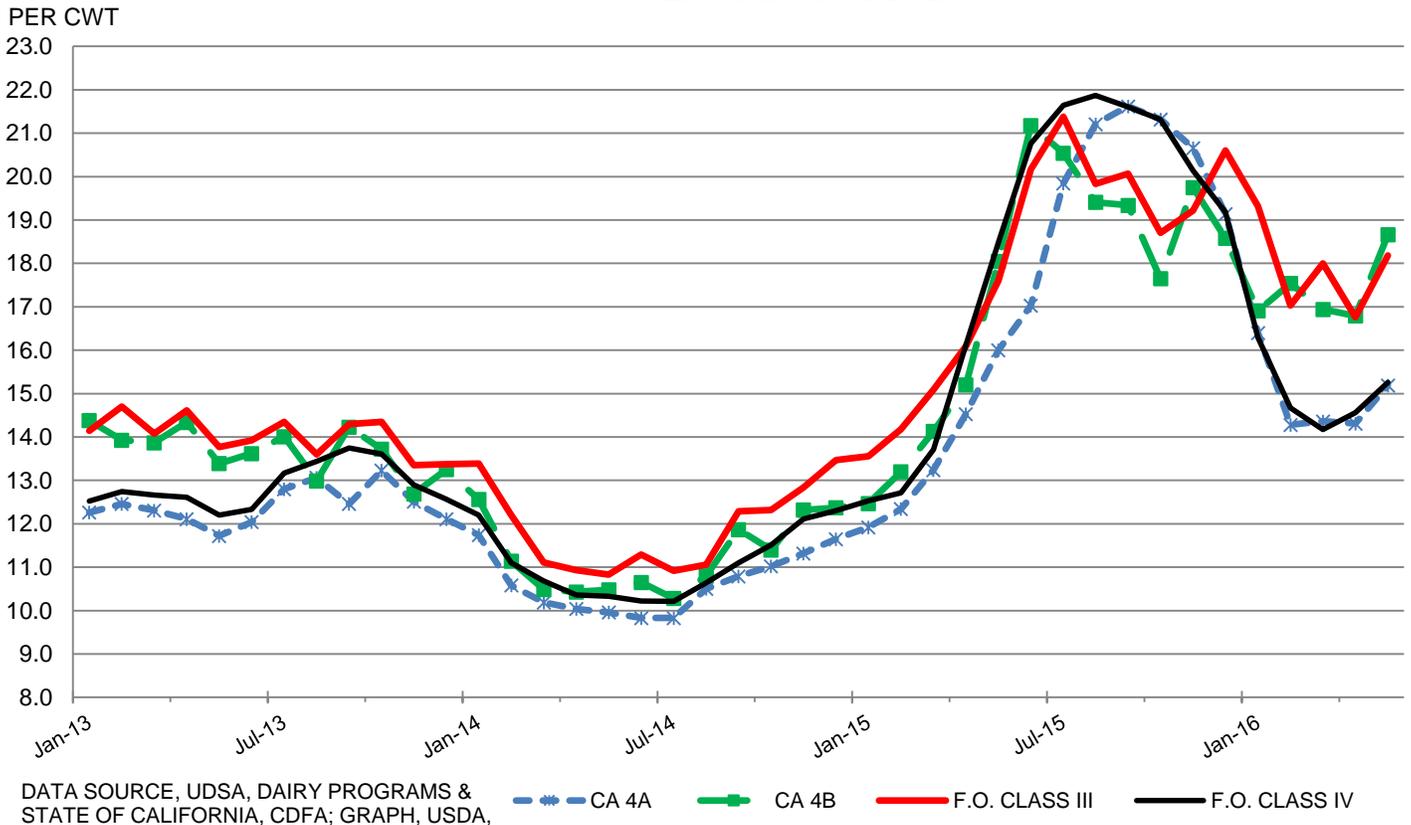
³ Totals may not add to 100 percent due to rounding.



PERCENTAGE OF ESTIMATED TOTAL U.S. MILK PRODUCTION USED IN FLUID PRODUCTS



FEDERAL ORDER CLASS III AND IV PRICES COMPARED TO CALIFORNIA 4A AND 4B





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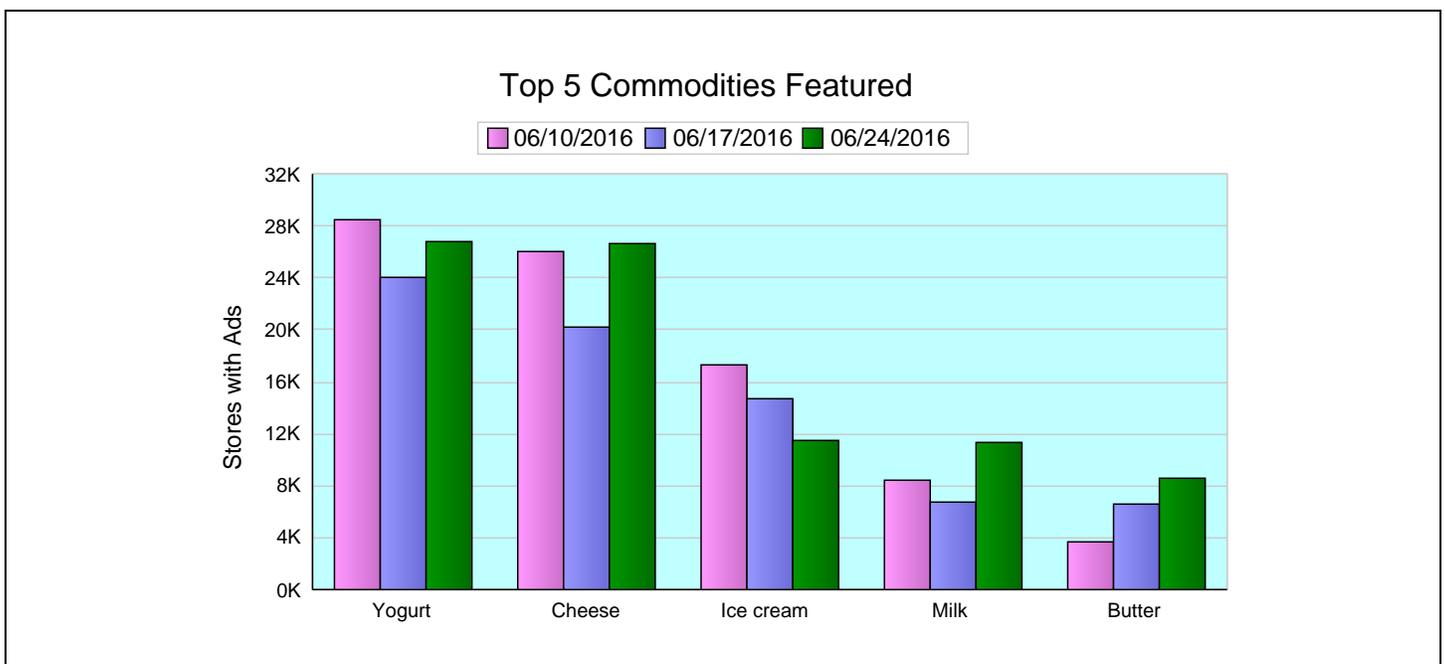
Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 06/24/2016 to 06/30/2016

This week, total conventional dairy ad numbers increased 7% and organic dairy ad numbers increased 30%. Regionally, the Southeast reported the largest change in organic dairy ad numbers, 312%, as organic prices on average rose 87 cents. Conventional half gallon flavored milk had a substantial rise in ad numbers, registering 452% compared to the previous week. Heavily advertised items in the dairy case continue to be 48-64 oz. containers of conventional ice cream and 4-6 oz. containers of conventional Greek yogurt. Organic butter in the 1 pound packaging showed a 172% rise in ad numbers and a \$.01 increase in price this week.

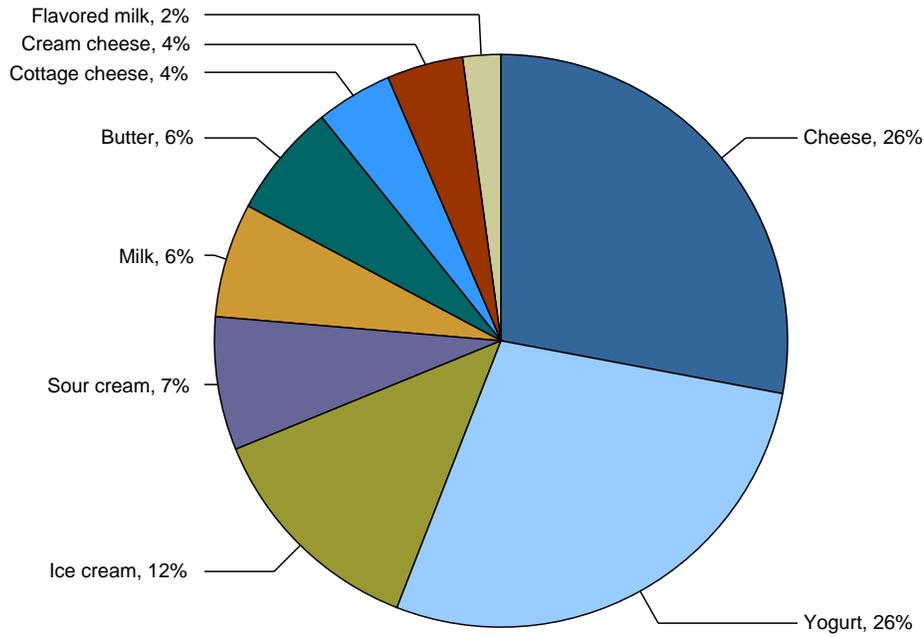
The average price for conventional yogurt in 4-6 ounce packages is \$.53, up 6 cents from last week. The average price of 4-6 ounce conventional Greek yogurt is \$.95, down 3 cents from last week. Conventional yogurt ad numbers are up 8% from last week. The average price for organic yogurt in 4-6 ounce packages is \$1.32, up 33 cents from last week. Organic yogurt ads are up 66% from last week.

The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.25, up 9 cents from last week; 8 ounce shred cheese averaged \$2.24, down 7 cents from last week. Ads for 8 ounce organic shred cheese average \$3.80, down 9 cents from last week; 8 ounce organic cheese blocks averaged \$4.65, unchanged from last week.

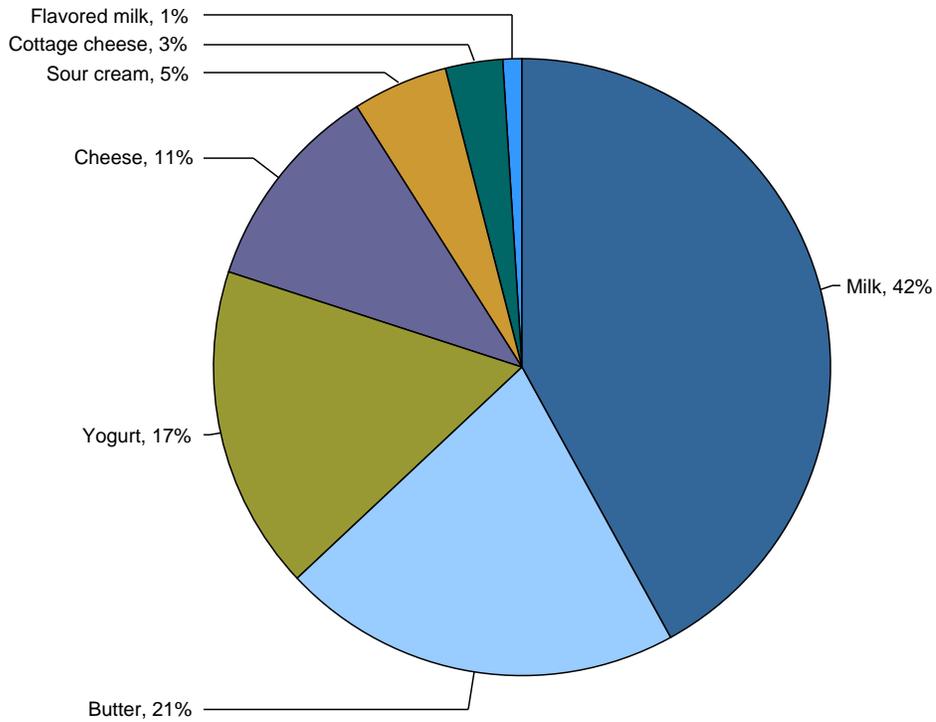
The price spread between organic and conventional half gallon milk is \$1.18, the lowest this year. The price spread is the difference between national weighted average prices for organic, \$3.98, and conventional, \$2.80. Conventional milk ad numbers increased 156% from last week while organic milk ad numbers increased 23%.



Percentage of Total Conventional Ads by Commodity



Percentage of Total Organic Ads by Commodity





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	5802	3.02	5602	3.16	6461	3.42
Cheese	Natural Varieties	8 oz block	8654	2.25	4922	2.16	7508	2.17
Cheese	Natural Varieties	1 # block	3479	5.17	1828	4.74	1855	3.63
Cheese	Natural Varieties	2 # block	1133	6.28	690	6.99	997	7.52
Cheese	Natural Varieties	8 oz shred	9994	2.24	10451	2.31	8212	2.28
Cheese	Natural Varieties	1 # shred	1977	3.54	570	3.40	2578	3.26
Cottage cheese		16 oz	3954	1.94	4750	2.04	2415	1.82
Cream cheese		8 oz	3816	1.76	7133	2.01	6357	1.82
Flavored milk	All fat tests	half gallon	1165	2.57	211	1.84	610	2.39
Flavored milk	All fat tests	gallon	645	2.88	892	3.64	423	2.88
Ice cream		48-64oz	11530	2.99	14714	3.19	14567	2.87
Milk	All fat tests	half gallon	971	2.80	275	1.82	1001	2.28
Milk	All fat tests	gallon	4955	2.20	2042	2.51	2856	2.38
Sour cream		16 oz	7029	1.67	6991	1.69	9184	1.72
Yogurt	Greek	4-6 oz	12049	.95	13786	.98	11775	.97
Yogurt	Greek	32 oz	1901	4.36	2271	4.33	2110	3.98
Yogurt	Yogurt	4-6 oz	9990	.53	5244	.47	7986	.49
Yogurt	Yogurt	32 oz	618	3.16	1475	2.24	1084	2.54

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.00-5.00	1450	3.03	3.00-3.50	1365	3.47	2.50-3.39	298	2.87
Cheese	Natural Varieties	8 oz block	1.88-3.00	3105	2.20	1.88-3.29	2894	2.50	1.29-2.00	926	1.80
Cheese	Natural Varieties	1 # block	2.99-7.99	1791	5.91	3.49	210	3.49	3.49-4.99	548	4.07
Cheese	Natural Varieties	2 # block	5.99	108	5.99						
Cheese	Natural Varieties	8 oz shred	1.67-2.77	2267	2.05	1.88-3.00	3144	2.46	1.49-2.50	1212	1.87
Cheese	Natural Varieties	1 # shred	1.99-3.99	284	2.95	3.49	210	3.49	3.49	335	3.49
Cottage cheese		16 oz	1.50-2.50	1173	1.98	1.50	1002	1.50	1.49	106	1.49
Cream cheese		8 oz	0.99-1.99	879	1.60	1.50	171	1.50	0.99-1.50	434	1.25
Flavored milk	All fat tests	half gallon	1.99	223	1.99	2.50-3.49	145	3.07	1.00-2.00	298	1.75
Flavored milk	All fat tests	gallon	3.99	108	3.99				2.00	119	2.00
Ice cream		48-64oz	2.29-3.99	2107	2.97	1.99-6.49	3266	3.46	1.49-3.99	3140	2.53
Milk	All fat tests	half gallon	2.00-3.99	651	2.78				2.00	81	2.00
Milk	All fat tests	gallon	1.79-3.99	858	2.52	2.29-3.99	1546	2.55	1.49-2.50	1305	1.71
Sour cream		16 oz	1.48-2.00	2468	1.70	1.25-1.50	1536	1.46	1.50-2.00	468	1.69
Yogurt	Greek	4-6 oz	0.88-1.39	2977	.99	0.75-1.00	2390	.98	0.67-1.25	1042	.91
Yogurt	Greek	32 oz	3.49-3.99	580	3.85				3.99	106	3.99
Yogurt	Yogurt	4-6 oz	0.44-1.39	2979	.60	0.40-0.60	2265	.54	0.39-0.50	1321	.47

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	32 oz	2.50-5.99	197	4.93				1.99	57	1.99

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.50-3.99	362	3.08	1.50-3.48	1128	2.52	0.79-4.50	1158	2.91
Cheese	Natural Varieties	8 oz block	1.39-2.99	822	2.13	1.67-2.50	605	2.08	1.88-2.99	259	2.34
Cheese	Natural Varieties	1 # block	6.49	114	6.49	3.49-5.99	681	4.68	3.49-3.99	135	3.75
Cheese	Natural Varieties	2 # block	5.99-6.99	365	6.43	5.99-6.99	345	6.47	4.99-6.99	315	5.99
Cheese	Natural Varieties	8 oz shred	1.39-2.99	1552	2.24	1.67-2.99	1274	2.33	1.88-2.99	499	2.27
Cheese	Natural Varieties	1 # shred	2.99-3.79	262	3.42	3.49-4.99	531	4.55	2.49-3.49	355	2.68
Cottage cheese		16 oz	1.00-3.49	619	2.17	1.25-2.50	309	2.25	1.99-2.50	742	2.22
Cream cheese		8 oz	1.25-2.50	994	1.84	1.49-1.99	846	1.89	1.67-2.49	463	2.23
Flavored milk	All fat tests	half gallon							2.00-3.49	499	3.18
Flavored milk	All fat tests	gallon	1.99-2.00	240	1.99	3.99	178	3.99			
Ice cream		48-64oz	1.48-5.00	986	3.17	1.99-3.99	1616	2.73	2.50-3.99	253	3.34
Milk	All fat tests	half gallon	1.69-3.50	178	2.89						
Milk	All fat tests	gallon	1.99	262	1.99	1.85-2.19	828	2.04	1.79-1.95	138	1.87
Sour cream		16 oz	1.00-3.49	1008	1.78	1.25-1.99	1031	1.71	1.50-2.00	483	1.80
Yogurt	Greek	4-6 oz	0.77-1.00	1893	.91	0.79-1.00	2432	.93	0.75-1.00	1306	.95
Yogurt	Greek	32 oz	4.99	54	4.99	4.99-5.29	662	5.07	3.50-5.49	499	4.02
Yogurt	Yogurt	4-6 oz	0.39-0.50	659	.45	0.38-0.60	1895	.48	0.39-0.50	761	.48
Yogurt	Yogurt	32 oz	1.99-2.50	295	2.37				2.50	69	2.50

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.50-5.50	38	5.14	4.29	3	4.29
Cheese	Natural Varieties	8 oz block	1.99-2.00	16	1.99	2.49	27	2.49
Cheese	Natural Varieties	8 oz shred	1.98-2.00	19	1.99	2.49	27	2.49
Cottage cheese		16 oz	2.50	3	2.50			
Cream cheese		8 oz	1.69	5	1.69	1.50	24	1.50
Ice cream		48-64oz	3.79-4.99	29	4.31	2.75-4.99	133	3.90
Milk	All fat tests	half gallon				2.99-4.99	61	3.88
Milk	All fat tests	gallon	3.49	11	3.49	4.97-5.19	7	5.10
Sour cream		16 oz	1.99-2.50	8	2.18	2.99	27	2.99
Yogurt	Greek	4-6 oz	1.00	2	1.00	1.19-1.20	7	1.20
Yogurt	Yogurt	4-6 oz	0.50-1.25	49	.93	0.70-0.79	61	.74

NATIONAL -- ORGANIC DAIRY PRODUCTS



Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	2766	5.51	1016	5.50	84	5.49
Cheese	Natural Varieties	8 oz block	551	4.65	551	4.65	59	5.99
Cheese	Natural Varieties	8 oz shred	874	3.80	1144	3.89		
Cheese	Natural Varieties	1 # shred			80	3.99		
Cottage cheese		16 oz	330	3.62	667	3.49		
Flavored milk	All fat tests	half gallon	161	4.99				
Ice cream		48-64oz					59	4.49
Milk	All fat tests	half gallon	4007	3.98	3445	4.20	1058	3.61
Milk	All fat tests	gallon	1073	6.06	795	6.47	367	5.56
Milk	All fat tests	8 oz UHT	315	.95	147	.85	267	1.00
Sour cream		16 oz	640	2.71	1080	3.37		
Yogurt	Greek	4-6 oz	1634	1.35	667	1.19	301	1.28
Yogurt	Greek	32 oz	419	3.64			63	5.49
Yogurt	Yogurt	4-6 oz	120	1.32	59	.99	106	.96
Yogurt	Yogurt	32 oz			294	3.60	2	4.29

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.99-5.00	251	4.99	5.49	1083	5.49			
Cheese	Natural Varieties	8 oz block	5.99	59	5.99						
Cottage cheese		16 oz	3.99	84	3.99						
Flavored milk	All fat tests	half gallon	4.99	161	4.99						
Milk	All fat tests	half gallon	3.79-4.99	634	4.55	2.50-4.59	1531	4.09	2.99-4.79	468	3.30
Milk	All fat tests	gallon	5.69	304	5.69						
Sour cream		16 oz	2.99	84	2.99						
Yogurt	Greek	4-6 oz	0.69-1.39	978	1.29	1.39	61	1.39			
Yogurt	Greek	32 oz							3.50	57	3.50
Yogurt	Yogurt	4-6 oz	1.25	59	1.25						



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.99-6.49	552	4.72	5.99-6.99	670	6.36	5.49-5.79	210	5.64
Cheese	Natural Varieties	8 oz block				3.99-4.99	492	4.49			
Cheese	Natural Varieties	8 oz shred	2.99-3.99	559	3.70	3.99	246	3.99	3.99	69	3.99
Cottage cheese		16 oz				3.49	246	3.49			
Milk	All fat tests	half gallon	2.99-4.49	373	3.77	2.99-4.69	629	4.05	2.99-4.29	361	3.54
Milk	All fat tests	gallon	2.99-6.49	172	4.09	6.99	492	6.99	5.99	105	5.99
Milk	All fat tests	8 oz UHT				1.00	246	1.00	0.75	69	.75
Sour cream		16 oz				3.49	246	3.49	1.99	289	1.99
Yogurt	Greek	4-6 oz				1.50	490	1.50	1.25	105	1.25
Yogurt	Greek	32 oz	2.99	118	2.99	3.99	244	3.99			
Yogurt	Yogurt	4-6 oz							1.39	61	1.39

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Milk	All fat tests	half gallon	2.99	11	2.99			
Sour cream		16 oz	2.49	21	2.49			

REGIONAL DEFINITIONS

As used in this report, regions include the following states:

NORTHEAST U.S.	Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New jersey, New York, Pennsylvania, Rhode Island and Vermont
SOUTHEAST U.S.	Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
MIDWEST U.S.	Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin
SOUTH CENTRAL U.S.	Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas
SOUTHWEST U.S.	Arizona, California, Nevada and Utah
NORTHWEST U.S.	Idaho, Montana, Oregon, Washington, and Wyoming
ALASKA	Alaska
HAWAII	Hawaii
NATIONAL	Continental United States



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